

Post Implementation Report

## Project Herakles

***JOB  
SERVICE  
North Dakota***



June 2006

## PROJECT HERAKLES POST IMPLEMENTATION REPORT

### Project Identification

Project Name: Project Herakles (Procurement Planning Phase of Unemployment Insurance Modernization Effort)

Date: June 2006

Project Sponsor: Larry Anderson

Project Manager: Heather Raschke

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### Project Purpose

#### **Business Need/Problem as stated in the Business Case (Dated April 19, 2005)**

"The principal driver for the overall system replacement project is the fact that JSND's mainframe system is antiquated and uses a programming language that is no longer widely supported. This situation makes it increasingly difficult to support our business processes and thus increasingly difficult to meet our customers' needs. In 2002, the Information Technology Support Service (ITSC), a U.S. Department of Labor contractor to provide information technology support services to State unemployment insurance programs, did a preliminary UI system replacement feasibility study. In 2002, ITSC could only identify six vendors in the world who offered customized programming in the programming language utilized by JSND's mainframe system.

That support is even more difficult to find today. Job Service anticipates that the ability to support the current system's programming language will be non-existent by the end of this decade. When the system is no longer supported, a substantial and very likely risk that the system will become inoperable arises. If that happens, payment of unemployment insurance taxes could not be properly recorded and credited; and UI claims could not be processed or paid.

In addition to the direct harm to the UI program's customers, the current system:

1. Does not allow efficient interface with other mission critical systems, especially those relating to interstate claims information.
2. Creates time delays in accessing important information needed by program managers.
3. Creates inefficient use of staff time to accomplish data entry.
4. Faces ever-increasing costs to maintain the operating software.
5. Necessitates the maintenance and operation of two drastically different environments, as the workforce support portion of the system was modernized (as Phase I of an overall strategic plan) in the period 1999-2003. Maintaining and operating these environments is expensive.
6. Impedes, because of the need for overnight batch processing, timely processing, 24X7 customer service availability, and capacity for self-service.

Of special note is the fact that JSND is under a corrective action plan to accomplish federally required system changes in its replacement system. Making those changes in

the current system is cost prohibitive (see Cost Benefit Analysis section), and, additionally, would not be a wise investment of resources.

The ITSC feasibility study referred to above found that the level of maintenance to bring the system up to current demands, and keep it running, would add \$1 million per year to the operating budget.

A lower level of productivity for JSND staff affects employers and claimants, and is expensive. Administrative dollars are going into working the system that should be going into direct employer and claimant services.”

### **Project Solution**

The solution pursued was the development of system requirements and an RFP for a total system replacement. The replacement was to be based on a solution developed in another state.

### **Project Outcome**

As Job Service North Dakota neared the critical milestone of releasing an RFP for the systems development, it was appropriate for the agency to review the project for the purpose of making a decision regarding the project direction. Information gathered for the decision included, but was not limited to: the project business case, the situational and other factors that may affect the project business case, and the options for the project direction.

The options considered for the project direction included:

1. *Release an RFP for Entire System.* The RFP for the entire system, both Tax and Benefits, would be released.
2. *Release an Incremental RFP.* An RFP for the Benefits system would be released, with the Tax system as an optional bid. If a tax system is not selected, an additional RFP would be released at a later date.
3. *Pursue a Consortium or Partnership with another State.* The agency would delay the issuance of an RFP. A consortium or partnership with another state would be sought for the purpose of sharing costs and staff resources.
4. *Maintain, Enhance, and Upgrade Current System.* The agency would not issue an RFP at this time. The agency would perform the development tool upgrade and consider moving the system to a server based platform. The system will be upgraded in increments, concentrating on the functionality that offers the most benefits to the agency and its customers.
5. *Delay the Project.* The project is delayed until there are more systems available in the marketplace and more resources available to the agency.

As a result of the review, the project’s Core Team and Executive Steering Committee both determined the appropriate direction for the project was to maintain, enhance, and upgrade the current system. An RFP for the full system development will not be released. The basis for the change in direction includes:

- Continued support of the base system technology by the vendor.
- The ability to retrain current programming staff to the base system technology.

- The investments made to date in UI related technology (e.g. internet applications, workflow and imaging applications, etc.)
- The ability to move the system to a server platform which can be supported by the Information Technology Department (ITD).
- The ability to partner with ITD for programming services.
- The lack of modernized systems in production.
- The failure rate of other states that have attempted UI Modernization efforts.
- The cost and risk associated with projects of this size.
- This option is the most fiscally responsible.

The change in direction was recommended to the Governor's office. Bill Goetz, Chief of Staff, concurred with the agencies findings. The change was also taken to both the Information Technology and Budget Legislative Interim Committees. Both committees approved the change in direction and the continued use of the SB 2016 appropriation for projects such as an employer registration system and the development of a UI Modernization Transition Plan.

Because the remaining appropriation will be used for other projects and the UI modernization effort has changed direction, the Herakles project is being officially terminated. The UI modernization effort will be managed as a program which will oversee a series of smaller projects. The Herakles deliverables will be used in the future modernization projects.

#### **SB 2016 Appropriation of Reed Act Funds**

Following is the budget and expenditures for the legislative appropriation of Reed Act funds through SB 2016.

| Appropriation | Actual Expenditures as of May 2006 Expense Reports | Obligated Expenditures | SB 2016 Reed Act Appropriation Balance |
|---------------|--|------------------------|--|
| \$525,000.00  | \$289,082.75                                       | \$22,680.00            | \$213,237.25                           |

The fund expenditures and obligated amounts were used for the development of the business and system requirements, including system use cases. These requirements will be used as the basis for all future modernization efforts. ITD played a lead role in the development of the requirements.

#### **Next Steps**

It is Job Service North Dakota's intention to approach the 60th legislative assembly with a transition plan of how to proceed with the modernization effort and to ask for Reed Act funding to conduct the next biennium's projects. To create the plan, the agency is reviewing the UI System to identify improvement opportunities that would provide the most benefits to JSND and its customers. Potential improvements may be based on self service applications and other staff efficiency applications, mandated technology upgrades, security upgrades, and federal reporting mandates. The agency also plans to obtain system architects to ensure the proper technologies and a common architecture is used in the modernization effort.

The agency is beginning its modernization efforts with several projects to be conducted during the upcoming program year. One of the most important projects is to add the ability for employers to self-register via the Internet in the UI EASY (Employer Account System) application. The employer registration process is currently very manual.

Automating the process in UI EASY will result in:

- Staff time savings to allow staff to concentrate on higher priority tasks,
- Increased data integrity,
- Convenience and customer self-service opportunities for employers,
- Increased speed of SUTA dumping detection.

The agency will use the remaining SB 2016 Reed Act appropriation from the 2005 legislative session to create the transition plan and fund the employer registration system. JSND will partner with ITD to complete both of these efforts.

### **Lessons Learned and Best Practices**

- Document the risks associated with major decisions.
- At the beginning of the project, prioritize the triple constraint (cost, scope, and schedule) taking into account the quality of the end product. The priority order will guide the project's governing body in making tradeoffs when needed (e.g. reduce scope to meet schedule).
- Prior to issuing an RFP, conduct a go/no go decision for the project.
- Reconfirm the business case at the point of making major project decisions.